

Kenyan Baseline Blog, November 2013

By Anne Dennig

This is a summary of the learning points gathered from interviews with network members on field trips in Kenya in November 2013.



Network members at the Nairobi techfortrade Workshop 2013

The Kenyan TSS Networks

We are coming to the end of our Kenyan trip and have visited the six Network Managers. Unlike Uganda, in Kenya each Network Manager runs his own business: Bonde Soko Services (Moses Gichuru) Ruralnet (James Kanyi), Agri-livestock Green Energy Initiative (Wilson Ilanet), Elite Agro Services (Solomon Mulindi), Fair Trade Enterprises (James Weru) and DGV Capital (Beatrice Obara). These businesses are involved in trading in livestock and many different crops: cattle, sheep, cotton, cassava, potatoes, mangoes, bananas and many more.

The Need for Flexibility

There are differences between these value chains, the circumstances of the farmers, and the starting points of these businesses. All the managers have asked for flexibility in the TSS system and this is a challenge when informal marketing meets formal finance requirements. Another shared issue has been that of trust; due diligence and the many hurdles to be cleared to access the Academy cash-on-the-bag fund (COB) have been misinterpreted as mistrust in the managers and their networks.

Challenges Explained

Here are some of the challenges, explained by

the network managers:

"I have not used COB. I wanted to, but the biggest challenge has been fitting into the new system of the academy. The shift was a bit hard in my own view. With the Academy we made good measures to hedge against the problems we had last time, but the approaches are theoretical not practical. TSS is a very good system and I use it, but we need to go back to the drawing board and see how it can fit into the Kenyan context."

"Profiling farmers is not easy, they think that it is for other reasons. Many NGOs profile for projects or farmers think that it is connected to a census or is for tax reasons and are therefore wary to give out information."

"Giving the details of the farmers and the amount that they will supply in advance of the deal is a problem. It can only be done at collection."

"Due diligence requirements have caused suspicion. When farmers or buyers get a phone call from a third party they get suspicious. Both parties need to be clearly informed that these calls will be made."

"Response time to price changes on the ground is difficult to manage. Many buyers are only prepared to settle the price at the delivery but the registration forms with the prices have to be filled in well in advance. When last minute adjustments can be made on smart phones this will be easier."

"A tricky part is the buyers, there is a difficulty with LPOs with many buyers only willing to commit when they have seen the crop, like with bananas and potatoes."

"Phone payment is not a big problem in Kenya, payment is often done this way. However when farmers see a charity as the financing party they behave as if the money is free and they can play games."

"With the Academy system it takes much more time and money to sensitize the farmers and agents."

"It is important for all involved to understand and appreciate the complexities of the situations on the ground."

"We have a good model but it needs to be modified. We need to sell TSS on its overall benefit to farmers and buyers through collection, quality control, storage transport, the overall reliability of the deal - not just the price."

Developments in the Networks

We have had two registered deals in Kenya that have experienced difficulties, we have learned lessons from both and these will be documented later in detail.

ALGEI

Agri-livestock Green Energy Initiative (ALGEI) is paying the techfortrade (T4T) Academy COB fund the money lost in the chicken deal TWI13-232, and with the help of Lydiah Muya, Wilson is preparing to take legal action against his agent. Wilson will follow up first with Margaret's referee, the local chief. Wilson is now running the Maasai Field School, which through teaching holistic management practices has had clear impact on the Maasai ranching in the area. He has spent much time in discussion with Ueli, Clive and Samuel Saruni (group programme manager of MAIPA), together with representatives of all the links in the livestock value chain, on improving efficiency, creating a conservation meat brand, and increasing incomes for pastoralists through TSS.

Fair Trade Enterprises

James Weru has posted the challenges that he met with his first potato deal TJW13- 243 to bottom of the pyramid (BOP) buyers (small hotels) in Nairobi. He has identified the areas for improvement and will be doing some repeat deals, sourcing larger potatoes from Narok. He has also found a small-scale chip processor Peter Karanja of FreshnCrisp Co., who is looking for a regular supply of large premium quality potatoes and is keen to work with TSS. By next year James would like to be selling to the larger hotels and to market Fair Trade Potatoes at a premium. Fair Trade Enterprises is also planning to export French beans, chillies and sweet potatoes to Europe. James will be sourcing from Kabaa. He is renewing his export license and working towards achieving the GlobalGap standards at the collection point.

Ruralnet

James Kanyi is linking (through AgriNet) to Britannia Foods, a juice processor for mangoes in Uganda. He will source these from the commercial villages around Embu where he has been training agents for SHoMAP on TSS. Paul Nyende will act as the buyer agent for Ruralnet and will assist James with an agent to help with the border crossing documentation.

DGV Capital

We visited Beatrice's cotton groups in the East Uyoma region where her agents are getting ready for TSS. Both agents and farmers are keen to trial mobile money payments. The agents will be sending their seed-cotton to Makueni ginnery.

Bonde Soko Services

Moses is preparing for a TSS deal, supplying potatoes from Tumaini (one of his SHoMAP commercial villages) to the wholesalers in Nairobi's Gikomba market. These farmers have had a bad experience with an unscrupulous buyer; this has put them in debt to Equity bank and they are keen to work together with Moses on TSS. All of these farmers insist on receiving money on their mobile phones with easy access to mobile money agents in their trading centre.

Elite Agro Services

Solomon will be continuing to work on TSS deals with his SHoMAP groups. But due to work and study commitments he will be handing over his network in 2014 to Cornelius Moss with whom he works closely and who is an expert in the dairy cattle business.

Many thanks to all the Network Managers for their valued input to this blog and to all the networks for hosting us and helping us to discover the many learning points which we can use to move forward.